

IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	No. 4:20CR503 JAR
v.	)	
	)	
WILLIAM SCHWARZE,	)	
	)	
Defendant.	)	

**INFORMATION**

**THE UNITED STATES ATTORNEY CHARGES:**

**COUNT 1**  
**WIRE FRAUD**

**A. INTRODUCTION**

At all times relevant to the Indictment:

1. American Airlines, Inc. (hereinafter referred to as "AA") is a major American airline company which operates commercial jetliners throughout the United States and globally. AA is headquartered in Fort Worth, Texas.

2. As an accommodation to its customers, AA offers Gift Cards for purchase and redemption by the Gift Card holder for the purchase of AA airline tickets. AA Gift Cards may be purchased through a portal on the AA online website. The customer may purchase either actual plastic Gift Cards which are shipped to the customer or the customer's designee, or the customer may purchase "virtual" Gift Cards which are delivered to the customer or the customer's designee via email. Both the plastic Gift Cards and the virtual Gift Cards may be redeemed by the Gift Card holder for the purchase of AA airline tickets. Significantly, AA Gift Cards, per AA policy, whether plastic Gift Cards or virtual Gift Cards, are not refundable and cannot be returned to AA for cash or credit.

3. Once an AA airline ticket is purchased, the actual AA airline ticket may be refunded if the passenger can no longer take the flight, depending upon the specific ticket fare rules. If an AA airline ticket originally purchased with an AA Gift Card is refunded, in part or in whole, AA issues the customer a new Gift Card for the value of the refund. If an AA airline ticket originally purchased by credit card is refunded, in part or in whole, AA issues the credit directly back to the customer's credit card. Any refunds for airline tickets originally purchased by Gift Card are not to be credited to the customer's credit card, but are to be made solely by the issuance of a new Gift Card in the amount of the refund.

4. AA utilized a third party processor to handle its sales of Gift Cards, whether actual plastic Gift Cards or virtual Gift Cards.

5. Defendant, **WILLIAM SCHWARZE** (hereinafter "**SCHWARZE**") resides in Ladue, Missouri, in the Eastern District of Missouri. Beginning during in or about January, 2016, **SCHWARZE**, using personal credit cards issued by various financial institutions, including American Express, Discover, and JP Morgan Chase VISA/Mastercard, purchased hundreds of AA virtual Gift Cards through the AA website, which he then redeemed via the internet for AA airline tickets for himself, his family members, and his friends and associates. **SCHWARZE** and his family members, friends and associates travelled hundreds of thousands of air miles on AA airliners through the redemption of his purchased AA Gift Cards, including to destinations such as Honolulu, Hong Kong, Beijing, Shanghai, Macao, Singapore, Seoul, Miami, San Francisco, Los Angeles and New York City. On many occasions, at **SCHWARZE**'s direction, **SCHWARZE**'s friends and associates paid him for the AA airline tickets he obtained for them, utilizing internet based pay systems such as Venmo and Zelle, as well as bank checks which **SCHWARZE** deposited into his personal bank account.

6. **SCHWARZE** represented to friends and associates that he was affiliated with a travel agency, and was going to build his own travel business. **SCHWARZE** also represented himself to be a travel agent through a website on the internet, boasting of his “elite airline and hotel statuses, which include Executive Platinum status with American Airlines and its worldwide partners – logging about 200,000 flight miles a year. My background allows me to optimize airline and hotel customer experience programs to build exceptional travel value for you.”

B. SCHEME TO DEFRAUD

7. Beginning in or about January 2016 and continuing through in or about October 2018, both dates being approximate and inclusive, in the Eastern District of Missouri and elsewhere, the defendant,

**WILLIAM SCHWARZE,**

devised, intended to devise, and knowingly participated in a scheme to defraud and obtain money from AA, in an approximate amount of \$160,340.00, and from others, by means of materially false and fraudulent pretenses, representations, and promises.

8. It was a part of the scheme that, on one and more occasions, **SCHWARZE** logged into the AA website, entered the AA Gift Card portal on that website, and purchased virtual AA Gift Cards using one of several credit cards to make the purchases. For example, as part of the scheme, during 2018 **SCHWARZE** purchased 690 virtual AA Gift Cards, in varied amounts ranging from \$50 to \$150, using his credit cards. It was a further part of the scheme that, after receiving the unique identifying number for each purchased AA virtual Gift Card, known as a miscellaneous sales receipt, or “MSR,” **SCHWARZE** redeemed the virtual AA Gift Cards for AA airline tickets for travel for himself, his family members, or his friends and associates.

9. It was a further part of the scheme that, on one and more occasions, either before or after the actual flights were taken, **SCHWARZE** logged into the AA website, entered the AA

Refund portal, and applied for a refund of the AA airline tickets which he had purchased with the virtual AA Gift Cards. Unbeknownst to AA, and as part of the scheme, **SCHWARZE** took advantage of a vulnerability in the AA refund system by entering the Gift Card MSR into the AA Refund portal, instead of the requested actual ticket identification number, causing the AA refund system to automatically refund the price of the airline ticket, minus any fees, directly to the credit card which **SCHWARZE** had originally used to purchase the virtual AA Gift Card. Through his scheme, **SCHWARZE**, or his family members, friends and associates, used the AA airline tickets purchased by **SCHWARZE** with AA virtual Gift Cards for their actual flights, but the cost of those flights was refunded to **SCHWARZE** by AA through a credit to **SCHWARZE's** credit cards. **SCHWARZE** received approximately \$160,340.00 in refunds from AA for airline flights that he, or his family members, friends and associates actually took.

10. As a further part of the scheme, and in addition to the funds obtained from AA through his fraudulent requests for refunds, on one and more occasions **SCHWARZE** directed friends and associates to pay him for the AA tickets he had obtained for them, but failed to advise them that he had obtained refunds from AA for the price of those tickets. **SCHWARZE** falsely represented that he was purchasing the AA tickets through his affiliation with a travel agency. These payments were made to **SCHWARZE** through internet based payment systems such as Venmo and Zelle, as well as by bank checks which **SCHWARZE** deposited into his personal bank account. **SCHWARZE** used the funds obtained from his friends and associates, approximately \$20,458.63 for personal expenses, and to pay for personal charges on his credit cards, unrelated to any AA tickets.

C. THE WIRE


11. On or about July 27, 2018, within the Eastern District of Missouri and elsewhere, for the purpose of executing the above-described scheme to defraud and to obtain money and

property by means of false and fraudulent pretenses and representations, the defendant did knowingly transmit and cause to be transmitted by means of wire communication in and affecting interstate commerce, certain writings, signs, and signals, by initiating a fraudulent refund transaction via the internet through the online American Airlines refund portal which caused American Airlines to issue credits to **SCHWARZE**'s personal American Express credit card.

All in violation of Title 18, United States Code, Section 1343.

Respectfully Submitted

JEFFREY B. JENSEN  
United States Attorney



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HAL GOLDSMITH, MO 32984  
Assistant United States Attorney

UNITED STATES OF AMERICA       )  
EASTERN DIVISION                )  
EASTERN DISTRICT OF MISSOURI   )

I, Hal Goldsmith, Assistant United States Attorney for the Eastern District of Missouri,  
being duly sworn, do say that the foregoing information is true as I verily believe.

  
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HAL GOLDSMITH, #32984(MO)

Subscribed and sworn to before me this 12th day of August, 2020.



\_\_\_\_\_  
Gregory J. Linhares  
CLERK, U.S. DISTRICT COURT

By: /s/Jason W. Dockery  
DEPUTY CLERK

